

# MANUAL TRANSMITTAL

## Arkansas Department of Human Services

### Division of County Operations



☒ Policy ☒ Form ☐ Policy Directive

**Issuance Number** FSC 03-01

Food Stamp Certification **Manual**

**Issuance Date** 01-01-03

**From:** Joni Jones  
Director

**Expiration Date** Until  
Superseded

**Subj:** Exclusion of Educational Income

#### Special Instructions:

This policy mandates that all educational income, including VA educational benefits, will be excluded as income and as a resource in the Food Stamp Program. (This policy does not change the procedures for determining eligible student status.)

This policy will be effective at the first certification, recertification, quarterly report or reported change processed after January 1, 2003. If a household contacts the county office and requests that educational income be removed from their food stamp budget, the request will be honored. The request will be processed using the time frames for reported changes stated in FSC 11410.

#### Pages to be deleted

#### Pages to be added

*Appendix D* dated 10-01-02

*Appendix D* dated 01-01-03

Front 1621.1 to 1621.1  
Back 1621.2 to 1621.2

1621.1 to 1621.1  
1621.2 to 1621.2

Front 1621.3.2 to 1621.4  
Back 1621.4 to 1621.4.2

1621.3.2 to 1621.4  
1621.4 to 1621.4.2

Front 1622.2 to 1622.3  
Back 1622.3 to 1622.3

1622.2 to 1622.3  
1622.9 to 1622.9

Front 1622.3 to 1622.4  
Back 1622.4 to 1622.5

None

Front 1622.6 to 1622.7  
Back 1622.7 to 1622.8

None

Front 1622.8 to 1622.8  
Back 1622.8 to 1622.9

None

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Back	1623.2 to 1623.3	1623.2 to 1623.3
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Front	1730 to 1730	1730 to 1730
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Front	4100 to 4310	4100 to 4300
Back	4400 to 4410	4310 to 4410
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Front	5512.1 to 5514	5512.1 to 5514
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.....		
Front	5690 to 5691	5690 to 5691
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Front	5720 to 5723	5720 to 5723
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.....		
Front	5726 to 5727	5726 to 5727
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**SUMMARY OF CHANGES**

**The following pages were reissued to correct typographical errors:**

**1621.1 to 1621.1**

**1621.3.2 to 1621.4**

**1730 to 1730**

1. FSC 1622.3 – VA educational assistance paid through the Montgomery GI Bill has been added as a type of educational income. The policy has been changed to state that all educational income will be excluded entirely as income and as a resource. The remainder of the information in the section was deleted.
2. FSC 1622.4, FSC 1622.5, FSC 1622.6, FSC 1622.7, and FSC 1622.8 – These policy sections, which explained how to exclude educational costs, were deleted.
3. FSC 4300 – Information about resource eligibility standards for categorically eligible households was moved from FSC 4451 to this section. (FSC 4451 was deleted.)
4. FSC 4400 – Education income was added to the list of excluded resources.
5. FSC 4450 – A statement was added to item 12 to clarify that all educational income is excluded as a resource.

6. FSC 4451 - Information about resource eligibility standards for categorically eligible households was moved from FSC 4451 to FSC 4300. This information has not changed. FSC 4451 was deleted.
7. FSC 4460 – Prorated student income was removed as a type of excluded resource. Educational income was added as a type of excluded resource.
8. FSC 5400 – Under types of income exclusions, educational costs was listed as a type of excluded income. This was changed to “educational income.”
9. FSC 5404 – This policy was changed to state that all educational income will be excluded as income.
10. FSC 5405 – A statement was added to item 22 to clarify that all educational income is excluded as income.
11. FSC 5501 – Work-study was removed as a type of countable earned income.
12. FSC 5504 – Income from assistantships was removed as type of countable earned income so the section was deleted.
13. FSC 5507 – A statement was added to this section to clarify that educational benefits paid under the Montgomery GI Bill are excluded as income.
14. FSC 5513 – This section, which explained how to count work-study income, was deleted.
15. FSC 5700 – Educational benefits was removed as a type of countable unearned income.
16. FSC 5707 – This section, which explained how to determine the amount of educational income to be counted in the budget, was deleted.
17. FSC 5723 – A statement was added to this section to clarify that educational benefits paid under the Montgomery GI Bill are excluded as income.
18. FSC 5800 – The reference to the policy explaining how to calculate the income of eligible students was removed.

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**CURRENT STANDARDS****CURRENT STANDARD DEDUCTIONS**

Type of Deduction	Amount	Effective Date
1. Earned Income	20%	05-01-86
2. Standard Deduction for household size:	Household size 1 \$134 Household size 2 \$134 Household size 3 \$134 Household size 4 \$134 Household size 5 \$147 Household size 6 and up \$168	10-01-02
3. Utility Standard	\$212	10-01-02
4. Maximum Excess Shelter	\$367	10-01-02
5. Maximum Per Dependent		
(Under Age Two)	\$200	09-01-94
6. Maximum Per Dependent		
(Age Two and Older)	\$175	09-01-94

**Current SSI Maximum Payments**

Type of Payment	Amount	Effective Date
<b>SSI Only – Individual</b>	\$552	01-01-03
SSI Only – Couple	\$829	01-01-03
SSA/SSI – Individual	\$572	01-01-03
SSA/SSI – Couple	\$848	01-01-03
SSI Only-Individual Reduced	\$368	01-01-03
SSI Only –Couple Reduced	\$552	01-01-03
SSA/SSI-Individual Reduced	\$388	01-01-03
SSA/SSI-Couple Reduced	\$572	01-01-03

**Current Medicare Premium - \$58.70 (Part B Only)**

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- 3) Any alien who was lawfully present, as defined in FSC 1621, in the United States on August 22, 1996, and:
    - Is currently under 18 years of age; or
    - Was age 65 or older on August 22, 1996 (*i.e., were born on or before August 22, 1931*).
  - 4) Any alien who is currently receiving one of the payments for blindness or disability listed in the Glossary, definition of “Aged/Disabled Household.”
  - 5) Any American Indian born in Canada who possesses at least 50 per centum of blood of the American Indian race to whom the provisions of section 289 of the INA apply.
  - 6) Any member of an Indian tribe as defined in section 4(e) of the Indian Self-Determination and Education Assistance Act when the tribe is recognized as eligible for the special programs and services provided by the U.S. to Indians because of their status as Indians . (*This provision covers Native Americans who are entitled to cross the United States border into Canada or Mexico. These Indian tribes include, among others, the St. Regis band of the Mohawk in New York State, the Micmac in Maine, the Abanaki in Vermont, and the Kickapoo in Texas.*)
  - 7) Any individual who is lawfully residing (as defined in FSC 1621) in the United States and who was a member of a Hmong or Highland Loatian tribe at the time the tribe rendered assistance to United States personnel by taking part in a military or rescue operation during the Vietnam era beginning August 5, 1964, and ending May 7, 1975. The spouse or surviving spouse (if not remarried) and unmarried, dependent children (natural or legally adopted) of such an individual may also receive food stamp benefits if otherwise eligible. (*This includes unmarried, dependent children under the age of 18, unmarried, dependent children between the ages of 18 and 22 who attend school full time, and unmarried, dependent disabled children age 18 and older so long as the child was disabled and dependent prior to his or her 18<sup>th</sup> birthday. It also includes the unmarried children of a deceased tribe member if the child meets one of the criteria stated above and was dependent on the tribe member at the time of his or her death.*)
  - 8) A alien who has been battered or subjected to extreme cruelty in the United States by a spouse or a parent or by a member of the spouse’s or parent’s family residing in the same household as the alien at the time of the abuse, an alien whose child has been battered or subjected to battery or cruelty, or an alien child whose parent has been battered.

Ineligible aliens include all other aliens such as, but not limited to:

- Visitors and tourists;
- Students;
- Diplomats;
- Aliens admitted under color of law;
- Aliens who have applied for eligible status but have not yet been approved (except for battered spouses and/or children); and
- Aliens who have a questionable or unverified status.

**1621.2     Documentation of Alien Status**

**10-01-01**

All non-citizens must provide documentation of alien status. Normally, one of the following forms may be presented to establish that an alien is lawfully present in the United States.

**ALIEN LAWFULLY ADMITTED FOR PERMANENT STATUS**

- Unexpired Temporary I-551 stamp in foreign passport or on INS Form I-94, *Arrival/Departure Record*

**ASYLEE**

- INS Form I-94, *Arrival/Departure Record*, annotated with stamp showing grant of asylum under Section 208 of the Immigration and Nationality Act (INA)
- INS Form I-688B, *Employment Authorization Card*, annotated with stamp showing admission under Section 207 of the INA

**REFUGEE**

- INS Form I-94, *Arrival/Departure Record*, annotated with stamp showing admission under Section 207 of the INA

**ALIEN PAROLED INTO THE U.S. FOR AT LEAST ONE YEAR**

- INS Form I-94, *Arrival/Departure Record*, with stamp showing admission for at least one year under Section 212(d)(5) of the INA

**ALIEN WHOSE DEPORTATION OR REMOVAL WAS WITHHELD**

- Order from an immigration judge showing deportation withheld under Section 243(h) of the INA as in effect prior to April 1, 1997, or removal withheld under Section 241(b)(3) of the INA after April 1, 1997

**ALIEN GRANTED CONDITIONAL ENTRY**

- INS Form I-94, *Arrival/Departure Record*, with stamp showing admission under Section 203(a)(7) of the INA

**CUBAN/HAITIAN ENTRANT**

- INS Form I-551, *Alien Registration Receipt Card* (green card) with the code CU6, CU7 or CH6
- Unexpired temporary I-551 stamp in foreign passport or on INS Form I-94, *Arrival/Departure Record*, with stamp showing code CU6 or CU7
- INS Form I-94, *Arrival/Departure Record*, with stamp showing parole as Cuban/Haitian Entrant under Section 212(d)(5) of the INA

**AMERASIAN IMMIGRANT**

- INS Form I-551, *Alien Registration Receipt Card* (green card), with the code AM6, AM7, or AM8
- Unexpired temporary I-551 stamp in foreign passport or on INS Form I-94, *Arrival/Departure Record*, with the code AM1, AM7, or AM3

The county office worker must evaluate quarters of coverage and receipt of Federal means-tested benefits on a calendar year basis using the following steps:

- Step 1: Determine the number of quarters creditable in a calendar year.
- Step 2: Identify those quarters in which the alien (or parent or spouse) received any Federal means-tested public benefits.
- Step 3: Determine if the alien earned enough for the quarter of coverage to be creditable before he or she applied for benefits in that quarter. If yes, the quarter will be counted as a qualifying quarter. If no, the quarter will not be counted as a qualifying quarter..

**1621.4     Individuals With a Military Connection**

**06-01-01**

An alien with a military connection is one of the following:

- 1) Any alien on active duty in any branch of the U.S. armed forces.
- 2) Honorably discharged veterans of the U.S. armed forces who were discharged for reasons other than alienage who have met the minimum active-duty service requirements of Section 5303(d) of Title 38, U.S.C. (These requirements are 24 months of service or service during the period for which the alien was called to duty.)
- 3) Military personnel who died in active military, naval or air service.
- 4) Individuals who served before July 1, 1946, in the organized military forces of the Government of Commonwealth of the Philippines while such forces were in the service of the Armed Forces of the U.S. or in the Philippine Scouts as described in 38 U.S.C. 107.
- 5) The spouse or unmarried dependent child of a member of the armed forces or an honorably discharged veteran of the armed forces. This includes the surviving spouse of a deceased, honorably discharged veteran or an individual who died while on active duty if the spouse has not remarried and the marriage meets the requirements of Section 1304 of Title 38 U.S.C.

The requirements of Section 1304 of Title 38 U.S.C are as stated below:

- Married for at least one year
- Married before the end of a 15 year span following the end of the period of military service in which the fatal injury was incurred or aggravated
- Married for any period if a child was born of the marriage or was born before the marriage



A dependent child must be the legally adopted or biological child of individual with military connection and must meet at least one of the following criteria:

- Under the age of 18
- Under the age of 22 and a full-time student
- An unmarried, disabled adult child \*

*\*The child must have been dependent prior to his or her 18<sup>th</sup> birthday. Or, if the individual with the military connection is deceased, the child must have been dependent at the time of the individual's death.*

Aliens with a military connection that meet one of the citizenship requirements in FSC 1621.1 may participate in the Food Stamp Program for an unlimited period if otherwise eligible.

**1621.4.1 Battered Aliens**

**06-01-01**

A battered alien is:

*An alien who has been battered or subjected to extreme cruelty in the United States by a spouse or a parent or a member of the spouse's or parent's family residing in the same household as the alien at the time of the abuse, an alien whose child has been battered or subjected to battery or cruelty, or an alien child whose parent has been battered.*

A battered alien may participate in the Food Stamp Program if the alien is otherwise eligible. If the individual's eligibility for food stamp benefits depends on their claim of being a battered individual, the county office must determine if there is a substantial connection between the battery and the need for benefits. For example, an individual may have been forced to leave the home where the battering occurred. As a result, the individual has no food and lacks the financial means to purchase food.

In order to be classified as a battered alien, an alien must present evidence of having petitioned INS for permanent resident status and reasonable proof of battery. Reasonable proof of battery includes, but is not limited to, police reports, information from medical or school personnel, and/or photographs. A collateral statement may be accepted to verify that battered individual no longer lives with the batterer.

**1621.4.2 Verification - Eligibility for Members of Armed Forces**

**6-15-98**

Aliens who are applying to participate in the Food Stamp Program based on military service must first provide documentation that he or she meets the citizenship requirements of FSC 1621.1. Any qualified alien who is currently serving in a branch of the U.S. armed forces must provide verification that he or she meets minimum active duty service requirements.

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Criteria 6 – Workforce Investment Act (WIA). *The Jobs Partnership Training Act (JTPA) was replaced by the WIA.*

Eligible student status will be granted to students assigned to or placed in an institution of higher education through or in compliance with one of the following programs:

1. A program under the Workforce Investment Act (WIA)
2. An Employment and Training (E&T) Program under the Food Stamp Act
3. A program under the Section 236 of the Trade Act of 1974, (the Trade Adjustment Assistance Program administered by ESD)
4. A program operated by a state or local government for the purpose of employment and training as determined to be appropriate by FNS

\*\*\*\*\*

Each of the criteria is applied separately. Had Ms. Smith in example 1, criteria 5, been working 20 hours per week she would have been an eligible student even though she was not included in the TEA cash assistance.

An individual's status as an eligible or an ineligible student changes as his or her situation changes. For example, if an individual who was determined to be an ineligible student begins working at least 20 hours per week, then that individual becomes an eligible student and may participate in the Food Stamp Program. Conversely, that same individual will be considered an ineligible student and removed from the Food Stamp Program if he or she loses that job and does not meet another eligible student criteria.

### **1622.3      Educational Income**

**01-01-03**

Educational income is financial assistance received by students from sources such as, but not limited to, the following sources:

- Programs authorized under title IV of the Higher Education Act
- Programs authorized under the bureau of Indian Affairs (BIA) Student Assistance Programs
- Programs authorized under the Carl D. Perkins Vocational Education Act
- Workforce Investment Act (WIA)
- Scholarships or other grants funded through private and publicly funded education programs
- VA educational assistance paid through the Montgomery GI Bill

Educational income awarded to a person enrolled at a recognized institution of post-secondary education, a school for the handicapped, a vocational education program, or a GED program is excluded as income in the Food Stamp Program

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<b>1622.4</b>	<b>Deleted</b>	<b>01-01-03</b>
<b>1622.5</b>	<b>Deleted</b>	<b>01-01-03</b>
<b>1622.6</b>	<b>Deleted</b>	<b>01-01-03</b>
<b>1622.7</b>	<b>Deleted</b>	<b>01-01-03</b>
<b>1622.8</b>	<b>Deleted</b>	<b>01-01-03</b>
<b>1622.9</b>	<b><u>Ineligible Students</u></b>	<b>12-01-00</b>

When an individual is determined to be an ineligible student, that individual may not participate in the Food Stamp Program. Other members of the student's household may participate if they are otherwise eligible.

If the ineligible student is the only household member, the food stamp application will be denied.

If other household members are eligible, the student will not be included when calculating total eligible members.

An ineligible student's income will be handled as explained below:

1. Determine which income the ineligible student received for himself or herself. Exclude this income.
2. Determine if there are any cash payments from the ineligible student's excluded income to the eligible household members. Include these cash payments as income. Do not include cash payments made by the ineligible student to someone outside the home for a household expense. Consider income deposited by an ineligible student into a checking or savings account as income in the month of the deposit when an eligible household member has access to this income.
3. Determine if there is any income received by the ineligible student as the payee for an eligible household member - e.g., child support, TEA, social security. Include this income in the budget.
4. Determine deductible expenses. (See FSC 6400 for dependent care costs, FSC 6500 for medical costs, FSC 6550 for child support costs and FSC 6600 for shelter costs.) Do not allow any medical, child support payments, shelter or child-care expenses paid in full by the ineligible student from excluded income. Allow any deductible medical, child support payments, shelter or child care expense paid (in full or in part) by the ineligible student from income that is not excluded - e.g., the expense is paid from income received by or on behalf of eligible members. Allow any deductible shelter, child support payments, or child-care expense paid in full by eligible household members with cash payments from the ineligible student. When the ineligible student and eligible household members share deductible expenses, allow only the amount contributed towards the expense or actually paid by the eligible members.

If such payments or contributions cannot be differentiated, prorate the deductible expense evenly among the individuals actually paying or contributing towards the expense. Allow any of the pro rata shares of expense incurred by the eligible household members as shelter expense.

The ineligible student's resources (except for jointly owned resources) will not be considered available to the eligible household members. Resources owned jointly by ineligible students and eligible household members are considered available to the household in their entirety. See FSC 4910.

**1622.10    Fleeing Felons**

**12-01-00**

A fleeing felon is an individual who is avoiding prosecution or custody for a crime, or an attempt to commit a crime that is classified as a felony. This provision also applies to individuals who are violating a condition of probation or parole under a Federal or State law. Fleeing felon status is usually determined by the existence of a warrant, and the individual is assumed to be fleeing as of the date the warrant is issued.

Fleeing felons and probation/parole violators are ineligible to participate in the Food Stamp Program during any period while the individual is fleeing to avoid prosecution or custody. The presence of a fleeing felon or probation/parole violator will not make the entire household ineligible. Anyone identified as a fleeing felon or a probation/parole violator will be treated as an ineligible household member and his or her income and resources will continue to be shown in the food stamp budget. See FSC 1623.2 for instructions.

**1622.20    Disqualification for Certain Drug Manufacture or Distribution Felonies**

**11-01-98**

Each food stamp applicant must state in writing on the food stamp application form whether any household member has been found guilty or has plead guilty or nolo contendere (no contest) to any State or Federal offense classified as a felony by the law of the jurisdiction involved, and which has as an element of the offense, the distribution or manufacture of a controlled substance. This provision will not apply to findings of guilt or pleas of guilty or no contest for offenses occurring on or before July 1, 1997.

No individual who has been found guilty or plead guilty or no contest to any felony offense which has as an element of the offense, the distribution or manufacture of a controlled substance, as defined in section 102(6) of the Controlled Substances Act, will be eligible to receive food stamp benefits. This is a permanent disqualification.

The disqualified individual's income and resources must be included in the household's food stamp budget. See FSC 1623.2 for instructions.

**1623      Determining if a Household Member is to be Disqualified**

**11-01-02**

The worker must determine if any household member is to be disqualified from participation in the Food Stamp Program for:

- Failing or refusing to provide a Social Security number
- Failing to comply with the Food Stamp Program Requirement to Work
- Being found guilty of committing an intentional program violation (IPV)
- Failing or refusing to comply with a Workfare Program requirement
- Being classified as a fleeing felon
- Being found guilty of a drug related felony

**1623.1      Disqualification for SSN and RTW Noncompliance**

**11-01-02**

FSC 3500 explains compliance with the Food Stamp Program Requirement to Work (RTW). Individuals who fail to comply with this requirement are disqualified unless they qualify for a personal exemption as explained in FSC 3560.

See FSC 2100 for an explanation of the Social Security number requirements and disqualification of household members who fail to comply with these requirements. Members who fail to comply with these requirements remain disqualified until they do comply. To disqualify a member for failure to comply with the SSN or RTW requirements:

1. Do not include the member when determining household size.
2. Include the resources of the ineligible member in their entirety.
3. Calculate a pro rata share of any income received by the disqualified member. To calculate a pro rata share:
  - Subtract allowable exclusions (see FSC 5400).
  - Divide the remaining income evenly among the total household members including the disqualified member.
  - Multiply the pro rata share by the number of eligible members.
  - Count the resulting figure as income.
4. Apply the earned income deduction after the prorated earned income of the disqualified member has been determined and added to the household budget.

5. When the disqualified member does not incur any portion of an allowable expense, do not prorate the expense. Prorate any allowable shelter, child support payments, or dependent care expense paid totally or in part by the disqualified individual. To prorate, divide the expense evenly among all household members including the disqualified member. Multiply the pro rata share by the number of eligible members. Count the resulting figure as an allowable expense. If the household has elected to use the utility standard (see FSC 6620), prorate the utility standard in the same manner.
6. Do not allow uncapped shelter costs if the disqualified member is the only aged/disabled individual in the household. Do not allow medical expenses incurred by a disqualified aged or disabled member. See the Glossary for a definition of an aged/disabled individual.
7. For households still entitled to uncapped shelter costs after an individual has been disqualified, prorate the expenses as explained above. Allow the uncapped amount of the prorated expenses as instructed in FSC 7610.
8. Do not include the disqualified member when determining income, eligibility, or food stamp benefit amount.

**1623.2      Disqualification –**  
**IPV/Work Registration/Drug Convictions/Fleeing Felons**

**11-01-02**

NOTE: See FSC 12110 for instructions on handling TEA or SSI case closures, suspensions, or reductions in TEA or SSI benefits when a household member intentionally failed to comply with a requirement of that program.

FSC 1622.10 explains which household members are considered to be fleeing felons.

FSC 1622.20 explains which household members are to be disqualified because he or she has committed a drug-related felony.

FSC 3100 summarizes the work registration requirements. (This includes the Workfare Program requirements.) Individuals who fail or refuse to cooperate with the work registration requirements will be disqualified. (Work registration requirements do include Workfare Program requirements. It does not include E&T Program requirements because participation in the E&T Program is voluntary.)

FSC 16800 covers the procedure for disqualifying a member who has committed an intentional program violation (IPV). An IPV disqualification may only be imposed after an administrative disqualification hearing, as the result of a decision of fraud by a court of law, or when the household signs a waiver.

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Food stamp benefits must not increase when one or more members are excluded due to:

- Classification as a fleeing felon as explained in FSC 1622.10.
- Disqualification due to a conviction for a drug-related felony as explained in FSC 1622.20.
- Disqualification for a work registration violation as defined in FSC 3401.
- Disqualification for failure or refusal to comply with a Workfare Program requirement as explained in FSC 3760.
- Disqualification for an intentional program violation as explained in FSC 16800.

To disqualify a member who is a fleeing felon, has been convicted of a drug related felony, has failed or refused to comply with the work registration requirements, Workfare or the RTW, or has been found guilty of an IPV, the following actions must be completed:

1. Enter the member as a disqualified member. Do not include the member when determining total eligible members.
2. Do not count income the disqualified member no longer receives unless the disqualification is for a voluntary quit or an intentional reduction in work hours that occurred WHILE THE HOUSEHOLD WAS PARTICIPATING IN THE FOOD STAMP PROGRAM. If the voluntary quit or intentional reduction occurred while the household was participating, continue to count the disqualified member's earnings. (Count the amount earned the month before the voluntary quit or reduction in work hours occurred.) Continue to count these earnings in the household's budget until the end of the household's current certification period or until the end of the disqualification period, whichever comes first. This will insure that the household's benefit amount is not increased as a result of the disqualification.
3. Include the total current income, resources and expenses (including deductible child support payments) of the disqualified member in the food stamp budget when determining eligibility and food stamp benefit amount. (Calculate the budget as if the member were to be included.)
4. Base the income limits upon the number of eligible members. Allow uncapped shelter costs as per FSC 6600 only if one of the eligible household members is aged or disabled. Base the allowable earned income deduction, medical, dependent care, child support and excess shelter deduction on all household members including the disqualified member. Apply the \$3,000 resource limit only if one of the eligible members is aged or disabled as defined in the Glossary, definition of Aged/Disabled. Close the case if there are no eligible household members. Notify the household of the closure via *Notice of Action* (DCO-1). State on the DCO-1 when the household may reapply.

**FSC - HOUSEHOLD INFORMATION**  
**Household Composition**

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**1730 to 1730**

**First, pre-strike income is determined.**

Gross income pretest

\$ 10.00 per hour  
x 40 hours  
\$ 400.00  
x 4.334 conversion factor  
\$1,733.60 (\$1,734 rounded) gross income

Based upon the October 2002 gross income limits of \$1,961, Mr. Green's household passed the gross income pretest.

Net income eligibility \$ 1,734 gross earned income

x 20%  
\$346.80 (\$347 rounded) earned income deduction

\$ 1,734 gross earned income  
- 347 earned income deduction  
\$ 1,387 net earned income  
- 134 standard deduction for a household size of 4(as of October 2002)  
\$ 1,253 adjusted gross income

Shelter costs

\$375 house payment  
+212 utility standard (as of October 2000)  
\$627 total shelter

\$1,253 adjusted gross income  
x 50%  
\$ 627

\$ 587 total shelter  
- 627 (50% adjusted gross income)  
\$ 0 excess shelter

\$ 1,253 adjusted gross income  
- 0  
\$ 1,253 net income

\$1,961 is the maximum net income allowable for a household of four as of October 2002. Mr. Green was eligible as of the day before the strike.



Second, current income is determined.

Mr. Green's current income is \$50 per week in strike benefits. In addition, his wife is now working 40 hours per week earning \$6.00 per hour. The worker compares Mr. Green's current income of \$217 per month ( $\$50 \times 4.334 = \$216.70$  rounded to \$217) to his pre-strike income of \$1,734 per month. His pre-strike income is greater and will be added to Mrs. Green's current income to determine eligibility.

Mrs. Green's monthly income is calculated.

\$	6.00	per hour
X	40	hours per week
\$	240.00	per week
X	4.334	conversion factor
\$1,040.16		(\$1,040 rounded) gross earned income

Mr. and Mrs. Green's income is added together.

\$1,734	Mr. Green's income
+1,040	Mrs. Green's income
\$2,774	total gross income

The household's current total gross income is \$2,774. This figure is compared to the gross limit for a household of four. This figure (as of October 2002) is \$1,961. The household is not eligible to participate in the Food Stamp Program.

**1740**      **Verification/Documentation**

**12-01-98**

The county office worker must verify and document the income of all household members from all sources. Both the pre-strike and current income of striking members must be verified.

All income (pre-strike and current) must be documented in sufficient detail to determine if the correct income was used in the budget. All calculations pertaining to pre-strike and (if applicable) current eligibility must appear and must be adequately labeled.

**1800**      **Institutions**

**12-01-98**

In the Food Stamp Program, an institution is an established organization that offers meals and lodging as a part of normal operation. Examples of institutions are schools and colleges with dormitories, prisons, and rehabilitation and treatment centers (including certain mental health centers), group living arrangements, shelters for the homeless, shelters for battered women, extended care hospitals and nursing homes.

An individual is a resident of an institution when an institution provides an individual with the majority (over 50% of three meals daily) of his or her meals as part of the institution's normal services.

**4100      Summary****08-01-98**

For the purpose of determining eligibility for the Food Stamp Program, resources are defined as assets available to the household such as money in bank accounts, certificates of deposit, stocks, bonds, land or houses that the household could sell. Vehicles are also considered to be resources.

Some assets are totally excluded from consideration as resources. Other assets are considered inaccessible if the household can demonstrate that the asset is not available and will not likely become available.

Households may not transfer resources to become eligible or remain eligible for food stamp benefits.

**4200      When Resources are Determined****08-01-98**

At initial application and at application for recertification, resources are determined at the time of the interview. If the household's countable resources exceed the limits at the time of the interview, the application will be denied. The household may reapply at any time. When the household reapplies, resources will be re-determined at the time of the next interview. See FSC 12230 for handling reported changes in resources.

**4300      Resource Eligibility Standards****01/01/03**

A household's eligibility will be denied or terminated when the value of the household's countable resources (both liquid and non-liquid assets) exceed the following:

- \$3,000 for all households with an aged or a disabled (as defined in the Glossary, definition of Aged/Disabled Household) member regardless of household size  
OR
- \$2,000 for all other households

A household where at least one member receives a TEA benefit as specified in FSC 1920 is categorically eligible and the Food Stamp Program's resource limits will not apply to that household.

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If no household member receives TEA benefits, the household is classified as categorically eligible only if all household members receive SSI benefits. If not all household members receive SSI benefits, the entire household is not categorically eligible. However, the individual household members who receive SSI benefits are categorically eligible. This means that any resources solely owned by an SSI recipient are not to be counted when the household's total resources are determined, but all resources owned by the other household members are to be counted. If the resources owned by household members who do not receive SSI exceed the resource limit, the entire household (including the SSI recipient) is ineligible to participate in the Food Stamp Program. Co-owned resources will not automatically be excluded under this policy. Instead, the resource will be handled in the same manner as any other jointly owned resource. See FSC 4910 and FSC 4601 for instructions.

**4310      Uniform Resource Standards**

**08-01-98**

Resource standards are uniformly applied to all households except those in which all members are recipients of TEA and/or SSI. Except for categorically eligible households, all resources currently held by the household and all resources anticipated to be received during the certification period must be reported at the time of the interview.

**4400      Excluded Resources**

**01-01-03**

A general list of excluded resources is provided below. Each excluded resource is explained in detail in the sections of policy immediately following.

- The household's home and lot (FSC 4410)
- Household and personal goods (FSC 4420)
- Life Insurance policies and pension funds (FSC 4420)
- Certain vehicles (FSC 4840)
- Property essential for the maintenance or use of certain excluded vehicles (FSC 4430)
- Income producing property(FSC 4440)
- Payments that are excluded as a resource by law (FSC 4450)
- Resources owned by a SSI recipient in a mixed household (FSC 4300)
- Resources owned by the members of a categorically eligible household (FSC 4300)
- Earmarked resources (FSC 4460)
- Indian lands and certain payments to Indians (FSC 4460)
- Burial lots, limited to one per household member (FSC 4460)
- Prepaid burial plans to the extent that the funds in such a plan are inaccessible (FSC 4602)
- Inaccessible resources (FSC 4500)
- Educational Income (FSC 4450 & FSC 4460)

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The resource exclusions in FSC 4410-4580 apply to all eligible household members, ineligible aliens, and disqualified household members:

**4410      Home and Lot**

**10-01-91**

The home and lot is the household's residence and any surrounding property not separated from the residence by intervening property owned by others. Rights-of-way, such as roads that run through the property surrounding the home, do not affect the exemption. Other structures on the homestead will be evaluated to determine if they can be excluded as described here.

If the other structure is a house (or mobile home) that is habitable (has indoor plumbing facilities, running water and is livable), then the house (not the land on which it sits) will be counted as a resource provided it is not income producing. If the utility company has turned off the water, the house will be considered as having "running water".

If the other structure is a building that is not a traditional house, it will be considered as an excluded resource - i.e., tool-sheds, corncribs, woodsheds, barns, etc. If these structures produce income (i.e. rental payments), this income is not excluded, and is treated in accordance with FSC 5715.

The residence and surrounding property remain excluded when temporarily unoccupied for the following reasons:

- Employment
- Training for future employment
- Illness of a household member
- Inhabitability caused by casualty or natural disaster, if the household plans to return to the residence

A household that does not currently own a home receives an exclusion if: a) the household owns or is purchasing a lot on which they intend to build or are building a home, and b) they plan to reside in the home. The exclusion applies to the value of the lot and home if partially completed. There is no limit to the partial completion of the home. There is no limit to the size of the lot if the lot is not separated by intervening property owned by others, nor are there any limits to the period of time in the future when the household plans to build the home.

Verification of the value of the home and lot must be obtained if the information given by the household about the home and lot affects eligibility and is questionable. All circumstances surrounding this decision must be documented.

**4420      Household and Personal Goods/Life Insurance/Pension Funds      07-01-02**

The following items will be excluded when determining countable resources:

1. Household goods such as, but not limited to, appliances, microwaves, lawn mowers, garden tractors, furniture and TV satellite dishes.
2. Personal effects such as, but not limited to, tools, jewelry and clothing.
3. The cash value of life insurance policies.
4. Prepaid burial policies and plans to the extent the funds in such a plan are inaccessible.

NOTE: Any amount that can be withdrawn (less a \$1,500 per person disregard) from prepaid burial plans without a contractual obligation to repay will be counted as a resource for food stamp purposes. See FSC 4602.

5. Livestock.

**Household and Personal Goods/Property Related to use of Excluded Vehicles**

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6. The cash value of pension plans. Under a salary reduction retirement plan, employees have their employer withhold payment of a specified portion of current salary for investment in a retirement savings plan. The employer often contributes to the plan as well. The plans that may be excluded as a resource and are authorized by Federal law are:
- 401(k) Plans including cash or deferred payment arrangements;
  - The Federal Employees' Retirement Thrift Savings Plan;
  - 403(b) Plans and other tax-sheltered annuities provided for employees of tax-exempt organizations and State and local educational organizations;
  - 501(c) (18) Plans that are trusts created before June 1959;
  - 457 Plans for state, local governments, other tax-exempt organizations; and
  - Keogh plans that involve a contractual obligation with someone who is not a household member.

Note: Individual Retirement Accounts and other Keogh Plans are counted as resources. See FSC 4630 - 4640.

**4430 Property Related To the Use of Excluded Vehicles****07-01-01**

Real or personal property that is directly related to the maintenance or use of a vehicle will be excluded as a resource if that vehicle is excluded as a resource because it is:

1. Annually producing income consistent with its fair market value; or
2. Used primarily (over 50 percent of the time that the vehicle is used) for income producing purposes such as, but not limited to taxis, trucks, or fishing boats; or
3. Used to transport a physically disabled household member.

Only that portion of real property actually involved in the maintenance or use of an excludable vehicle is to be excluded under these provisions.

Example 1 A household owns a one-acre field but only uses 1/4 of that acre to park and maintain equipment for a self-employment enterprise. Only the 1/4-acre actually in use will be excluded. If the one-acre tract is worth \$1,000, 1/4 of the value is \$250. \$250 would be excluded as a resource. \$750 would be counted as a resource.

This method of determining the amount of resource exclusion is not affected by state or local zoning laws or by the household's ability to convert the property to a cash resource.

Example 2 The household in example 1 above declares that the one-acre tract they own is in an incorporated industrial area. They state that local laws prevent them from selling anything less than the full one-acre tract. In spite of this, only the \$250 amount for the 1/4-acre actually used will be excluded as a resource. \$750 will be counted as a resource.

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**4440      Income Producing Property**

**04-01-90**

Income producing property is one of the following.

1. Property that annually produces income consistent with its fair market value, even if only used on a seasonal basis. (For example, farmland that is rented only during the crop season would be excluded for the entire year.) See FSC 4441 for instructions on determining fair market value.
2. Property that is essential to the employment or self-employment of a household member. (For example, farmland that is used by a household member to produce a crop of tomatoes that is sold to a cannery would be excluded as essential to self-employment.)
3. Rental homes used by households for vacation purposes at some time during the year so long as the property annually produces income consistent with its fair market value.
4. Work related equipment such as, but not limited to, the tools of a tradesman or the machinery of a farmer, which is essential to the employment or self-employment of a household member.

NOTE: Tools are excluded either as personal property or income producing property.

Property essential to the self-employment of a household member engaged in a farm operation may be excluded as a resource for one year from the date the farm operation is terminated. The exclusion extends to vehicles used in the farming operation (FSC 4430) as well as land and machinery used in the operation.

5. Installment contracts payable to the household. See FSC 4570 for instructions on excluding installment contracts when the purchaser has defaulted on the agreement.

**4441      Determining if Income is Consistent with Fair Market Value**

**07-01-01**

When a county office worker must determine if property is producing income consistent with its fair market value, the property's fair market value will be based on the prevailing rate of return in the area where the property is located or used.

Example A house rented for \$200 a month is considered to be producing income consistent with fair market value if similar houses in the same area rent for about the same amount.

When the worker cannot determine whether property is producing income at the prevailing rate of return based upon information furnished by the household, a knowledgeable source may be contacted. A knowledgeable source should, by virtue of his or her professional experience, be able to determine if the property is producing income consistent with fair market value. (For real property located in Arkansas, the assessed value times 5 will be used as the fair market value. See FSC 4712 for additional information.) Local realtors, local FHA or Small Business Administration Offices or the tax assessor should be knowledgeable of the value of real property located outside Arkansas. Local car dealers should know the value of vehicles.

**Determining if Income is Consistent with Fair Market Value**

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The knowledgeable source will be provided with the appropriate information and asked to determine if the property is producing income at the prevailing rate of return. Households that disagree with the assigned fair market value or prevailing rate of return may provide verification of these items.

NOTE Property excluded as a resource because it is essential to employment does not have to produce income consistent with fair market value. For example, land used by a farmer does not have to produce any countable income to be excluded.

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**4450      Resources Excluded by Law**

**01-01-03**

The current list of resources excluded by Federal statute includes the following items.

1. As authorized by the Low-Income Home Energy Assistance Act (P.L. 99-425), the amount of home energy assistance payments or allowances provided directly to or on behalf of a household.
2. Benefits received from the Special Supplemental Food Program for Women, Infants and Children (WIC) under P.L. 92-443, Sec. 9 and P.L. 100-435, which amended Section 77(m)(7) of the Child Nutrition Act of 1966.
3. Reimbursement from the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646, Sec. 216).
4. Payments to Indian tribes as specified below:
  - Payments received by the Confederated Tribes and Bands of the Yakima Indian Nation and the Apache Tribe of the Mescalero Reservation from Indian Claims Commission as designated under P.L. 95-433, Sec. 2
  - Payments to the Passamaquoddy Tribe and the Penobscot Nation or any of their members received pursuant to the Maine Indian Claims Settlement Act of 1980 (P.L. 96-420, Sec. 5)
  - Payments received from the disposition of funds to the Grand River Band of Ottawa Indians (P.L. 94-540)
  - Payments received under the Alaska Native Claims Settlement Act (P.L. 92-203, Sec. 21(a) and Section 15 of P.L. 100-241, Alaska Native Claims Settlement Act Amendments of 1987 or the Sac and Fox Indian Claims Agreement (P.L. 94-189)
  - Payments received by certain Indian tribal members under P.L. 94-114, Sec. 6, regarding submarginal land held in trust by the United States
  - Payments of relocation assistance to members of the Navajo and Hopi Tribes under P.L. 93-531
  - Payments to the Turtle Mountain Band of Chippewas, Arizona (P.L. 97-403)
  - Payments to the Blackfeet, Grosventre, and Assiniboiné tribes (Montana) and the Papago (Arizona) (P.L. 97-408)
  - Per capita and interest payments made to the Assiniboiné Tribe of the Fort Belknap Indian Community and the Assiniboiné Tribe of the Fort Beck Indian Reservation (Montana) (P.L. 98-124, Section 5)



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- Per capita and interest payments made to the Red Lake Band of Chippewas (P.L. 98-123, Section 3, 10/13/83)
  - Payments to the Saginaw Chippewa Indian Tribe of Michigan (P.L. 99-346, Section 6(b) (2))
  - Per capita payments to the Chippewas of Mississippi (P.L. 99-377, Section 4(b), 8/8/86)
  - Payments to heirs of deceased Indians under the Old Age Assistance Claims Settlement Act except for per capita shares in excess of \$2,000 (P.L. 98-500, Section 8, 10/17/84)
  - Payments to the Puyallup Tribe of the State of Washington (P.L. 101-41, 6-21-89)
  - Payments under the White Earth Reservation Land Settlement Act of 1985 to the White Earth Band of Chippewa Indians in Minnesota (P.L. 99-264)
  - Payments under the Seneca Nation Settlement Act of 1990 to members of the Seneca Nation (P.L. 101-503)
  - Funds appropriated in satisfaction of judgements awarded to the Seminole Indians in dockets 73, 151, and 73-A of the Indian Claims Commission (P.L. 101-277)
  - Funds distributed or held in trust for members of the Chippewas of Lake Superior (P.L. 99-146)
  - Assistance paid under P.L. 95-608, the Indian Child Welfare Act of 1978
  - Payments to the Confederated Tribes of the Colville Reservation under the Grand Coulee Dam Settlement Act (P.L. 103-436)
  - Funds appropriated in satisfaction of judgements awarded to the Seminole Indians by the Indian Claims Commission (P.L. 101-277)
  - Distributions under the Michigan Indian Claims Settlement Act, Section 111, to the Ottawa and Chippewa Indians of Michigan (P.L. 105-143)
5. Per capita payments of \$2,000 and less made under Public Law 98-64 to Native Americans from judgment awards and funds held in trust by the Secretary of the Interior and purchases made with certain per capita payments to specific tribes or bands of Indians.

This exclusion applies on a per person and not a per household basis. It applies individually to each payment regardless of how frequently the payments are made and regardless of the number of months for which the payment is made. When such payments are deposited in a bank or financial institution, the funds remain excluded. The length of the exclusion period will be determined by the type of funds in the account. See FSC 4960.

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The purchase exclusion extends only to purchases of property with funds distributed to Native Americans after December 31, 1981, but before January 12, 1983, under a plan approved by Congress. The exclusion applies to initial purchase only and not to subsequent purchases. Property remains excluded only as long as the person who originally received the exclusion holds the property. Since more than one per capita payment may have been received during the period from December 31, 1981 to January 12, 1983, the total exclusion allowed for the property may exceed \$2,000.

6. Payments made to Vietnam veterans under the Agent Orange Veteran Payment Program as authorized by P.L. 101-201. This includes:
  - Payments authorized under P.L. 101-239, the Omnibus Reconciliation Act of 1989, Section 10405, the Agent Orange Settlement fund or any other fund established pursuant to the settlement in the Agent Orange product liability litigation, M.D.L. No 381 (E.D.N.Y.)
  - Monthly allowances paid under P.L. 104-102, Section 1805(d), to a child of a Vietnam Veteran for any disability resulting from spina bifida suffered by such child.
7. Payments to U.S. citizens of Japanese ancestry and permanent resident Japanese aliens or their survivors under the Civil Liberties Act of 1988 (P.L. 100-383)
8. Payments received from the Federal Emergency Management Assistance (FEMA) under P.L. 93-288, Sec. 312 (d) as amended by P.O. 100-707, Sec. 105 (i) the Disaster Relief and Emergency Assistance Amendments of 1988. Funds distributed by FEMA under a disaster or emergency would be excluded as a resource. Not all payments from FEMA are for disaster or emergency assistance. For payments to be excluded, the disaster or emergency would have to be declared by the President. Refer to FSC 5405 for income exclusions. This exclusion applies to Federal assistance provided to persons directly affected and to comparable disaster assistance provided by states, local governments and disaster assistance organizations.
9. Payments received through the Radiation Exposure Compensation Act, P.L. 101-426, Sec. 6 (h) (2), 10/15/90. This law establishes a program to compensate individuals for injuries or deaths resulting from exposure to radiation from nuclear testing and uranium mining in Arizona, Nevada and Utah.
10. Income amounts necessary for the fulfillment of a PASS (Plans for Achieving Self-Support) under Title XVI of the Social Security Act.
11. The value of assistance to children under P.L. 89-642, Section 11(b) of the Child Nutrition Act of 1966 and P.L. 79-396, the National School Lunch Act. Under P.L. 100-435 which amended section (17)(m)(7) of this act, coupons that may be exchanged for food at a farmer's market may also be excluded.

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12. Under P.L. 107-171, the Food Stamp Reauthorization Act of 2002, all student financial assistance. See FSC 1622.3.
  13. Payments made to individuals because of their status as victims of Nazi persecution under P.L. 103-286.
  14. Earned Income Credits (EIC) payments received as a lump sum or as payments under Section 3507 of the Internal Revenue Code by any household member. These payments will be excluded for 12 months, provided the household was participating at the time of receipt of the earned income tax credit and provided the household participates continuously during that 12-month period. Breaks of one month or less due to administrative reasons, such as delayed recertification or missing or late monthly reports, will not be considered as nonparticipation in determining the 12-month exclusion.
  16. Under P.L. 103-22, compensation made to crime victims as authorized by the Crime Act of 1984.
  17. Under P.L. 99-576, Veteran's Benefits and Health Care Authorization Act of 1996, any amount by which the basic pay of an individual is reduced to comply with this law.
  18. Funds, including interest accruing, in an individual development account under the TANF block grant program will be excluded during any period the individual maintains or makes contributions into such an account (P.L. 104-193).

**FSC - RESOURCES**  
**Resource Eligibility Standards/Other Excluded Resources**

**4460 to 4460**

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**4451      Moved to FSC 4300      01-01-03**

**4460      Other Excluded Resources      01-01-03**

Earmarked Resources

Earmarked resources are governmental payments such as those made by the Department of Housing and Urban Development through the Individual and Family Grant Program or disaster loans or grants made by the Small Business Administration. Earmarked resources must be designated for the restoration of a home damaged in a disaster, and the household must be subject to a legal sanction if the funds are not used as intended.

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Prorated Income

Monies that have been prorated and considered as income are excluded as a resource. For example, annualized or prorated self-employment income is excluded as a resource during the period it is being counted as household income. Refer to FSC 5630 for the procedures for handling self-employment income.

Burial Lots

One burial lot per household member will be excluded as a resource.

Indian Lands

Lands held jointly with the tribe or land that can be sold only with the approval of the Bureau of Indian Affairs are considered Indian Lands. Indian Lands are excluded as a resource.

Cash and Counseling Demonstration

Money received from the Cash and Counseling Demonstration for Medicaid recipients is excluded as a resource. This program provides cash to certain Medicaid recipients so that they can purchase personal care services.

Educational Income

Educational income will be excluded as a resource in its entirety when received by eligible students. This exclusion covers all federal, state and privately funded educational assistance including VA educational assistance paid under the Montgomery GI Bill.

**4470      Verification of Excluded Resources****08-01-98**

Excluded resources will be verified when questionable. Acceptable verification includes documentation or collateral contacts that establish that the resource is excludable.

**4480      Documentation of Excluded Resources****08-01-98**

The county office worker must document:

- The type of resource
- The status of the resource as excluded
- The reason for the exclusion

**4500      Inaccessible Resources****07-01-01**

Inaccessible resources are resources with a cash value not accessible to the household. Inaccessible resources include the following:

1. Irrevocable trust funds (FSC 4510)
2. Property in probate (FSC 4520)
3. Real property for sale (FSC 4530)
4. Resources of residents of shelter for battered women (FSC 4540)
5. Security deposits (FSC 4550)
6. Non-liquid resources against which a lien was placed to obtain a business loan (FSC 4560)
7. Installment contracts that are not producing any income (FSC 4570)
8. Resources unlikely to produce any significant amount of funds if sold (FSC 4580)

**4510      Irrevocable Trust Funds****09-01-92**

Any funds in or transferred to a trust and the income produced by that trust are considered inaccessible if all of the following conditions exist.

1. The funds held in irrevocable trust are **either** established from the household's own funds and used by the trustee solely to make investments on behalf of the trust or to pay the educational or medical expenses of the beneficiary **or** established from non-household funds by a non-household member, and totally unavailable to the household.

NOTE    If the household can petition the court to obtain money from a trust for reasons such as purchasing personal items or paying living expenses, the fund is not considered an irrevocable trust.

**Income Exclusions/Child Support Payments That are Excluded**

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**5400      Income Exclusions****01-01-03**

Only the following types of income are excluded when determining food stamp eligibility:

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- Child support payments obligated to OCSE to maintain eligibility
- Costs of producing self-employment income
- Earnings of a child who attends school
- Educational income
- By Federal statute
- In kind benefits
- Irregular income
- Loans
- Non-recurring loan payments
- Payments for third party beneficiaries
- Recoupments
- Reimbursements
- Vendor payments
- Earned income tax credits

See FSC 5401 - 5414 for a full explanation of excluded income.

**5401      Child Support Payments Which are Excluded****01-01-00**

Child Support payments received by TEA recipients which are obligated to the Office of Child Support Enforcement (OCSE) to maintain TEA eligibility will not be counted as income. This exclusion applies even when such payments are not actually turned in to OCSE. It also applies to payments received by former AFDC and/or TEA recipients when held by OCSE and applied to previous AFDC and/or TEA arrearages.

Any child support payment received through an interception of a State or Federal income tax refund is excluded as non-recurring lump sum payments. Any child support payment received through interception of a lump sum Worker's Compensation payment is also excluded as a non-recurring lump sum payment. See FSC 4950 for instructions on handling lump sum payments.

Also see FSC 5704 for an explanation of child support to be counted as income.

**5402      Costs of Producing Self-employment Income****01-01-00**

The costs of producing self-employment income are excluded from the household's gross self-employment income. See FSC 5663 for instructions.

**5403      Earnings of a Child****01-01-00**

The earnings of elementary or secondary school students age 17 or younger who continue to live with a parent and attend school classes at least half-time will be excluded. This includes students who attend classes to obtain a general equivalency diploma (GED) so long as the GED program is recognized, supervised or operated by the student's state or local school district. Half-time status will be defined by the school.

The earned income of a high school student must be counted beginning the month after the student turns 18. This applies regardless of marital status so long as the student continues to live with a parent.

This exclusion does not apply to students who have established a residence separate from their natural, adoptive or step parent or from the adult household member who exercises parental control over the student.

This exclusion applies during school breaks and summer vacation if the student plans to attend school when regular sessions resume. If the child's portion of the earned income cannot be determined, the income must be evenly prorated among all the individuals who earned the income. The child's pro rata share will be excluded as income.

**5404      Educational Income****01-01-03**

**9** Educational income received by eligible students will be excluded in its entirety. This exclusion covers all federal, state and privately funded educational assistance. Some common sources of educational income are listed below:

- Programs authorized under title IV of the Higher Education Act
- Programs authorized under the bureau of Indian Affairs (BIA) Student Assistance Programs
- Programs authorized under the Carl D. Perkins Vocational Education Act
- Workforce Investment Act (WIA)
- Scholarships or other grants funded through private and publicly funded education programs
- VA educational assistance paid through the Montgomery GI Bill

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**5405      (By) Federal Statute**

**01-01-03**

Any income specifically excluded for food stamp purposes by any Federal statute is not counted as income. These income exclusions are listed below. Refer to FSC 4450 for an explanation of resources excluded by law.

1. Reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policy Act of 1970. (P. L. 91-646, Section 216.)
2. Payments to volunteers under the Domestic Volunteer Services Act of 1973 (P.L. 93-113), as amended. Payments under Title II of this Act are excluded. This includes such programs as the Retired Senior Volunteer Program (RSVP), Foster Grandparents Program, Senior Companions Program, and others. Payments under Title I of that Act (including payments from such Title I programs as VISTA, University Year for Action, and Urban Crime Prevention Program to volunteers) will be excluded for individuals who were receiving food stamp benefits or public assistance at the time they joined the Title I program. Temporary interruptions in Food Stamp Program participation do not affect this exclusion once an initial determination is made. New applicants who were not receiving public assistance or food stamp benefits at the time they joined VISTA will have these volunteer payments included as earned income.
3. Payments received by individuals from Community Services Employment as authorized by the Older Americans Act (P.L. 100-175). In Arkansas, this program is operated by the U.S. Forest Service, the American Association of Retired Persons (AARP), the National Center on Black Aging, the Green Thumb Program and the Area Agency on Aging. Other organizations that receive some Title V funds are the National Council of Senior Citizens, National Association for Spanish Speaking Elderly, and National Urban League.
4. Payments or allowances made under Federal Law (other than provided under Title IV-A of the Social Security Act, e.g. - welfare block grant payments) for purpose of energy assistance including utility reimbursements made by the Department of Housing and Urban Development (HUD) and the Farmers Home Administration (FHA). Under the Low-Income Energy Assistance Act (P.L. 99-425, Section E) the amount of any home energy payments or allowances provided directly to or, or indirectly on behalf of a household is excluded. Examples of other excluded federal energy assistance are: Payments provided through the Department of Health and Human Services; payments from the Low-Income Energy Assistance Program; the Community Services Administration's Energy Crisis Assistance and Crisis Intervention Programs and utility assistance payments. Under this provision, one time Federal or State payments for weatherization or emergency repair/ replacement of heating or cooling devices are excluded. A down payment followed by a final payment upon completion of the work will be considered a one-time payment for purposes of this provision.



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5. Under the provisions of the Workforce Investment Act (WIA), which was formerly known as the JTPA, allowances and payments to individuals participating in programs under that Act are excluded as income with the following exception.

Exception: On the job training (OJT) payments provided under Section 204(5) of Title II of the Workforce Investment Act (WIA), formerly JTPA, are counted as income unless the payee is a dependent less than 19 years of age. If the payee is a dependent less than 19 years of age, OJT payments are excluded.

The Workforce Investment Act (WIA), formerly JTPA, exclusion applies to on-the-job training payments received under the Summer Youth Employment and Training Program.

P.L. 101-610, Section 117(d), 11-28-90, provides that the JTPA income exclusion applies to projects conducted under Title I of the National and Community Services Act of 1990 as if such projects were conducted under the Workforce Investment Act (WIA), formerly JTPA, described in item 5 above. This includes:

- a) The Community Service, Schools and Service-Learning Act of 1990 (Serve-America);
  - b) The American Conservation and Youth Service Corps Act of 1990; and
  - c) The National Community Service Act (NCSA). There are about 47 different NCSA programs and they vary by State. Most of the payments are made as a weekly stipend or for educational assistance. The Higher Education Service Learning Program and the AmeriCorps Umbrella Programs come under this Title. The National Civilian Community Corps (NCCC) is a federally managed AmeriCorps program. The Summer for Safety Program is an AmeriCorps program. The School-to-Work Opportunities Program is funded under this Act. In Arkansas, the Delta Service Corps is administered under this Act. Payments, allowances, earnings and payments to individuals participating in programs under this Act are excluded as income.
6. P.L. 102-550, Housing and Community Act of 1992, Section 456(e) provides that payments made under the Youth Build Program are to be treated like Workforce Investment Act (WIA) payments. (These payments were formerly known as JTPA payments.) See item 5 above for an explanation of how to handle WIA payments.
7. Federal payments to Indians and Eskimos are excluded as stipulated below:
- Payments received under the Alaska Native Claims Settlement Act (P.L. 92-203, Section 29 dated 1/2/76 and Section 15 of P.L. 100-241, the Alaska Native Claims Settlement Act Amendments of 1987.
  - Payments received from the disposition of funds to the Grand River Band of Ottawa Indians (P.L. 94-540).

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- Income from certain submarginal land held in trust for certain Indian tribes (P.L. 94-114, Section 6). The tribes that may benefit are:
    - Bad River Band of the Lake Superior Tribe of Chippewa Indians of Wisconsin
    - Blackfeet Tribe
    - Cherokee Nation of Oklahoma
    - Cheyenne River Sioux Tribe
    - Crow Creek Sioux Tribe
    - Lower Brule Sioux Tribe
    - Devil's Lake Sioux Tribe
    - Fort Belknap Indian Community
    - Assiniboine and Sioux Tribe
    - Lac Courte Oreilles Band of Lake Superior Chippewa Indians
    - Keweenaw Bay Indian Community
    - Minnesota Chippewa Tribe
    - Navajo Tribe
    - Oglala Sioux Tribe
    - Rosebud Sioux Tribe
    - Shoshone-Bannock Tribes
    - Standing Rock Sioux Tribe
  - Funds distributed per capita to the Sac and Fox Indians or held in trust. (P.L. 94-189).
  - Payments by the Indian Claims Commission to the Confederated Tribes and Bands of the Yakima Indian Nation or the Apache Tribe of the Mescalero Reservation (P.L. 95-443).
  - Payments to the Passamaquoddy Tribe and the Penobscot Nation or any of their members received pursuant to the Maine Indian Claims Settlement Act of 1980 (P.L. 96-420, Section 5).
  - Per capita payments of \$2,000 and less made under Public Law 98-64 funds held in trust by the Secretary of Interior.
  - Under 25 USCS 1408 (as amended by P.L. 93-134, P.L. 97-458 and P.L. 103-66, Section 13736, 10/7/93) interests of individual Indians in trust or restricted lands will not be considered a resource and up to \$2,000 per calendar year of income received by Indians from such interests will be excluded as a resource and as income. Interests include the Indian's right to or legal share of the trust or restricted lands. The exclusion applies to each individual Indian who has an interest.
  - Payments of relocation assistance to members of the Navajo and Hopi Tribes (Pub. L. 93-531).
  - Payments to the Turtle Mountain Band of Chippewas, Arizona (P.L. 97-403).
  - Payments to the Blackfeet, Grosventre, and Assiniboine tribes (Montana) and the Papago (Arizona) P.L. 97-408).
  - Per capita and interest payments made to the Assiniboine Tribe of the Fort Belknap Indian Community and the Assiniboine Tribe of the Fort Beck Indian Reservation (Montana) (P.L. 98-124, Section 5).
  - Per capita and interest payments made to the Red Lake Band of Chippewas (P.L. 98-123, Section 3, 10/13/83).
  - Payments to the Saginaw Chippewa Indian Tribe of Michigan (P.L. 99-346, Section 6 (b)(2)).

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- Per capita payments to the Chippewas of Mississippi (P.L. 99-377, Section 4 (b), 8/8/86).
  - Old Age Assistance Claims Settlement Act, provides that funds made to heirs of deceased Indians under this Act except for per capita shares in excess of \$2,000 (P.L. 98-500, Section 8, 10/17/84).
  - Payments to the Puyallup Tribe of the State of Washington (P.L. 101-41, 6-21-89).
  - Payments under the White Earth Reservation Land Settlement Act of 1985 to the White Earth Band of Chippewa Indians in Minnesota (P.L. 99-264).
  - Payments under the Seneca Nation Settlement Act of 1990 to members of the Seneca Nation (P.L. 101-503).
  - Funds appropriated in satisfaction of judgements awarded to the Seminole Indians in dockets 73, 151, and 73-A of the Indians Claims Commission.
  - Funds distributed or held in trust for members of the Chippewas of Lake Superior (P.L. 99-146).
  - Assistance paid under P.L. 95-608, the Indian Child Welfare Act of 1978.
  - Payments to the Confederated Tribes of the Colville Reservation under the Grand Coulee Dam Settlement Act (P.L. 103-436).
  - Michigan Indian Claims Settlement Act which pertains to judgement funds of the Ottawa and Chippewa Indians of Michigan.
8. Under P.L. 99-576, Veterans Benefits and Health Care Authorization Act of 1986, any amount by which the basic pay of military service personnel is reduced to fund the G.I. Bill. Under U.S.C., Title 38 Sections 1411 (b) and 1412 (c), the amount by which the basic pay of an individual is reduced to fund the G.I. Bill will not be considered to have been received by or to be within the control of this individual. NOTE: Section 216 of P.L. 99-576 authorizes stipends for participation in a study of Vietnam-era psychological problems. These payments are counted as unearned income.)
9. Cash donations, based on need, received from one or more private, nonprofit charitable organizations to the extent that such donations do not exceed \$300 in a Federal fiscal year quarter as mandated by the Charitable Assistance and Food Bank Act of 1987 (P.L. 100-232).
10. Payments made to Vietnam veterans under the Agent Orange Veteran Payment Program as authorized by P.L. 101-201. P.L. 101-239, the Omnibus Reconciliation Act of 1989, Section 10405, excludes payments made from the Agent Orange Settlement fund or any other fund established pursuant to the settlement in the Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.)

Exception      Payments made to Vietnam Veterans under the Agent Orange Act of 1991, P.L. 102-4, are not excluded as income. Veterans of the Vietnam War who are determined to be eligible for veterans' benefits as a result of exposure to Agent Orange will be issued payments in accordance with P.L. 102-4. Refer to FSC 5723 for additional information.

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11. P.L. 104-102 Section 1805(d), dated 9/26/98 excludes monthly allowances paid to a child of a Vietnam veteran for any disability resulting from spina bifida suffered by such child.
  12. Under the Civil Liberties Act of 1988 (P.L. 100-383), payments to U.S. citizens of Japanese ancestry and permanent resident Japanese aliens or their survivors and Aleut residents of the Pribilof Islands and the Aleutian Islands West of Unimak Island.
  13. Payments received through the Radiation Exposure Compensation Act (P.L. 101-426, Section 6 (h)(2), 10/15/90). This law establishes a program to compensate individuals for injuries or deaths resulting from exposure to radiation from nuclear testing and uranium mining in Arizona, Nevada and Utah.
  14. Payments received from the Federal Emergency Management Assistance (FEMA) under P.L. 93-288, Sec. 312 (d) as amended by P.L. 100-707, Section 105 (i) the Disaster Relief and Emergency Assistance Amendments of 1988. Funds distributed by FEMA due to a major disaster or emergency are excluded as income. Not all payments from FEMA are for disaster or emergency assistance. This exclusion applies to Federal assistance provided to persons directly affected and to comparable disaster assistance provided by states, local governments, and disaster assistance organizations. For payments to be excluded, the disaster or emergency must be declared by the President.
  15. Income amounts necessary for the fulfillment of a PASS (Plan for Achieving Self-Support) plan under Title XVI of the Social Security Act. Verification of the existence of the PASS and the amounts of resources and income set aside by the plan may be obtained from SSA.
  16. The value of assistance to children under P.L. 89-642, Section 11(b) of the Child Nutrition Act of 1966 and P.L. 79-396, the National School Lunch Act. The Child Nutrition Act authorizes the Special Milk Program, the School Breakfast Program, and the WIC Program. See item 17 for additional information about the WIC Program. The National School Lunch Act authorizes the School Lunch Program, the Summer Food Service Program for children, the Commodity Distribution Program and the Child and Adult Care Food Program. The exclusion applies to assistance provided to children rather than that paid to providers.
  17. Benefits received from the Special Supplemental Food Program for Women, Infants and Children (WIC) under P.L. 92-443, Sec. 9 and P.L. 100-435, which amended Section 17(m)(7) of the Child Nutrition Act of 1966.
  18. Under P.L. 102-586, Section 8, the Child Care and Development Block Grant Act Amendments of 1992, the value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under this subchapter.
  19. Payments made to individuals because of their status as victims of Nazi persecution under P.L. 103-286. This exclusion is effective for eligibility and benefit level determinations made on or after August 1, 1994.

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20. Under P.L. 101-508, the Omnibus Reconciliation Act of 1990, earned income credit (EIC) payments s under section 3507 of the Internal Revenue Code. EIC payments are received as part of the employee's paycheck through a reduction in taxes withheld.
  21. Under P.O. 103-22, compensation made to crime victims as authorized by the Crime Act of 1984.
  22. Under P.L. 107-171, the Food Stamp Reauthorization Act of 2002, all student financial assistance. See FSC 1622.3.P
  23. Under P.L. 101-625, section 22(i), Cranston-Gonzales National Affordable Housing Act, dated 11/28/90 42 USCS 1437t(i) - no service provided to a public housing resident under section 22(I) of this law may be treated as income. This exclusion applies to services such as child care, employment training and counseling, literacy training, computer skills training, assistance in the attainment of certificates of high school equivalency and other services. It does not apply to wages or stipends. Wages and stipends are counted as income.
  24. Under P.L. 104-193, section 103 (a) which amended Section 404 (h) of Part A of Title IV of the Social Security Act, funds (including accrued interest) in an individual development account under the TANF Block grant program will be excluded during any period during which the individual maintains or makes contributions into such an account.

**Earned Income/Bonuses/Treatment of Annual Bonus****5501      Earned Income****01-01-03**

Wages and salaries received for services performed as an employee are earned income. Self-employment income is also considered earned income. (See FSC 5600 for an explanation of the treatment of self-employment income.) Sources of earned income are listed below in alphabetical order.

- Annual Bonuses
- Assistantships
- Contractual Income
- Diverted Wages
- Military Pay
- Sick Pay/Maternity Benefits
- Rental Income (Under certain conditions as described in FSC 5715)
- Training Allowances (Includes earnings under the Workforce Investment Act (WIA) Program. *These payments were formerly known as JTPA payments.*)
- VISTA payments
- Wages and Salaries (Includes income from odd jobs)

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An explanation of each type of earned income is contained in the following sections of policy.

**5502      Bonuses****01-01-00**

Bonuses are monetary payments given to an employee by an employer in addition to the pay due to the employee. For example, if a farmer gives an employee a \$500 cash gift at Christmas in addition to the employee's regular pay, the \$500 is considered a bonus.

Only bonuses provided by an employer at approximately the same time and in about the same amount each year are annual bonus. For example, if a factory has a good year and gives all of its employees a one-time \$100 bonus, the \$100 payment will not be considered an annual bonus because no additional payments are expected. Conversely, if a factory routinely gives all of its employees a ham and a \$100 bonus at Christmas, the \$100 payment would be considered an annual bonus. Bonuses paid less frequently than yearly will be excluded as non-recurring lump sum payments.

See FSC 7523.1 for instructions on handling these payments.

**5503      Treatment of Annual Bonuses****01-01-00**

Annual bonuses that can be reasonably anticipated will be counted as earned income in the food stamp budget.

The household's certification period may be scheduled to end in the month before the household anticipates receipt of the annual bonus. This will allow the bonus to be counted in the month of receipt and deleted for any months remaining in the certification period.

11	5504	Deleted	01-01-03
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	5505	<u>Contractual Income</u>	01-01-00
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Employees who derive their annual income under contractual arrangements must have their income prorated over a 12 month period. A contractual arrangement exists if the employee and employer have a written agreement that stipulates, at a minimum, the annual or monthly salary. Individuals paid on an hourly or piece work basis will not have their income prorated over a 12 month period. The school income of school teachers and school administrators must be annualized.

If the period specified on the contractual agreement is for less than a year, the income will be prorated over the contract period. (This statement will not apply to school teachers or administrators whose annual income is paid in less than 12 months.)

Land rent received on an annual basis is also considered contractual income. See FSC 5715 since this is usually considered unearned income.

	5506	<u>Diverted Wages</u>	01-01-00
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Diverted Wages are wages which are legally obligated and payable to the household, but diverted by the employer. Situations where diverted wages should be counted as income include, but are not limited to:

- 1) The employer owes wages to a household, but diverts them instead to pay for a household expense such as a house payment, doctor bills, utility expenses, etc; or
- 2) The employer holds money out of the paycheck as a result of a garnishment.

Example: Mr. Smith is behind in his rent. The landlord agrees to let Mr. Smith work out his rent at \$3.35 per hour by washing cars at the landlord's used car lot. The rent is \$150 per month. Mr. Smith actually works 50 hours. The landlord gives him a check for \$17.50 which is the difference between the rent and the amount Mr. Smith has earned.

Since this is money applied to the household expense which would otherwise be payable to the household, the caseworker will count \$167.50 as earned income in the food stamp budget. \$150 will be allowed as rent.

Child support being withheld by the employer is deductible as instructed in FSC 6550. The deduction may be allowed even if the child support is being diverted to pay an expense for the child's household. For example, if part of the employee's pay is withheld by the employer and used to pay his ex-wife's rent in lieu of child support, the amount withheld would be deductible.

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**5507      Military Pay**

**01-01-03**

Payment for duty in any branch of the Armed Services including the National Guard or Army Reserve will be considered earned income. The basic pay of some military service personnel is reduced to fund the G.I. Bill. The amount of the reduction will be excluded as income in the food stamp budget. All housing allowances (Variable Housing Allowance, Basic Allowance for Quarters, or Basic Allowance for Housing) are counted as earned income for food stamp purposes.

<b>13</b>	Educational benefits paid under the Montgomery GI Bill to students enrolled in an institution of post-secondary education are excluded as income. See FSC 1622.3.
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**5508      Sick Pay/Maternity Benefits**

**01-01-00**

Earned sick pay is defined as regular wages paid during the time an employee is absent from work due to either illness or maternity leave if:

- 1) The payee is still considered to be an employee and plans to return to work; and
- 2) The sick pay is received directly from the employer's funds.

Earned sick pay will be counted as earned income.

**5509      Training Allowances/TRA Payments/Family Investment Programs**

**06-01-01**

Payments to household members by vocational and rehabilitative programs for participation in a job training program are earned income when they are not considered a reimbursement. See FSC 5411 for instructions on handling reimbursements.

See FSC 5405 for a list of payments, including certain training allowances, excluded by law.

NOTE: The earnings of individuals participating in on-the-job training programs under a Workforce Investment Act (WIA), which was formerly known as JTPA, are counted as income unless the participating member is under 19 years of age and under the parental control of another adult member. See FSC 5405.

Under the Family Investment Centers program, the Department of Housing and Urban Development provides families public housing and Indian housing with services such as child care, employment training and counseling, literacy training, computer skills training, and assistance in getting a GED. The value of these services will not be counted as income. However, wages and/or stipends paid under this program will be counted as earned income.

The Trade Adjustment Act (TAA) and Trade Readjustment Act (TRA) are designed to help workers who lost jobs due to the effects of imports. Benefits provided under these Acts include retroactive unemployment insurance payments, vocational training, classroom training and per diem for out-of-town interviews. Funds paid under either of these acts must be counted as unearned income.



**VISTA Payments/Wages and Salaries/Odd Job Income**

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**5511      VISTA Payments****01-01-00**

VISTA payments made to volunteers who were not receiving TEA Cash Assistance, AFDC, or food stamp benefits at the time they joined VISTA will be counted as earned income. See FSC 5405 for additional information.

**5512      Wages and Salaries****01-01-00**

All money paid by check or in cash to an individual for services performed as an employee will be counted as income. Advances of wages will be considered income in the month received if paid in anticipation of work to be performed and if the advance is to be deducted by the employer from wages paid at a later date.

When an employer provides money and this money is to be repaid directly, the money will be considered to be a loan. Loans are excluded as income. See FSC 5408.

Money provided in advance by an employer for expenses which will be incurred during the course of the job will be considered a reimbursement. See FSC 5411.

**5512.1      Odd Job Income****01-01-00**

Odd job income includes earnings mowing lawns, raking leaves, unloading trucks, sweeping sidewalks, collecting and selling cans, etc. (This will not include income of less than \$30 in a three-month period that is received too infrequently or too irregularly to be reasonably anticipated.)

In most instances, income from odd jobs will be treated as self-employment income. The worker will obtain a gross monthly income figure, will exclude any expenses (e.g. gas for a lawn mower) and will allow the earned income deduction. See FSC 6200 for an explanation of the earned income deduction.

To obtain the gross monthly income from odd jobs, the county office worker will:

- Obtain an average figure using the actual income from odd jobs for at least the last two month period; or
- Anticipate the household's income from odd jobs based upon the household's income for any previous months along with the household's statements regarding any anticipated changes; or
- Base the anticipated income upon the statements of collateral contacts; or
- Use some other reasonable method of determining the monthly income.

The worker must document exactly how the household's gross monthly income from odd jobs was determined. If any expenses are excluded, these must be fully documented. This includes the type of expense, the amount excluded, and any verification obtained.

**Odd Job Income/Work Study/Verification of Earned Income**

If any of the household members is capable of maintaining a record of the income from odd jobs, the worker will request that such records be maintained to be used as income verification. (This is not a requirement. Even if a member of the household appears capable of maintaining a record of odd job income, the household's application will not be denied for failure to produce such a record.) If a member routinely does odd jobs for the same person or persons, odd job income may be verified through collateral contact with these people. If no verification of odd job income can be obtained, the household will be interviewed regarding the odd job income, and the household's statements regarding this income will be accepted.

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**5513 Deleted****01-01-03****5514 Verification of Earned Income****01-01-00**

Earned income must always be verified at initial application and when a quarterly report is submitted. Earned income will be verified at recertification and at reported change if the income is from a new source. Earned income which is unchanged or changed less than \$25.00 will be verified only if information regarding the income is incomplete, inaccurate, inconsistent or outdated. See the Glossary, definition of "Verification" for additional information. Acceptable verification of earned income is listed below in order of preference.

1. The most recent consecutive check stubs that accurately portray the individual's income.
2. An *Earnings Statement* (DCO-97) properly completed by the employer or designee and containing weekly earnings if a history of earnings is available.
3. A signed statement from the employer that indicates the date of the most recent consecutive pay periods and the gross amount received at each pay period.
4. A copy of the employer's wage records for the most recent consecutive pay periods.
5. Telephone contact with the employer.
6. A *Check Verification Form* (DCO-70) indicating the gross amount of each of the most recent checks.
7. Pay envelopes if properly dated and indicating the gross pay.

If none of these items are available and the household has not changed employers, one of the following items may be used as verification of earned income:

- Employee's W-2 Form - (for monthly income divide yearly wages by twelve).
- State or Federal Income Tax Returns - (for monthly income divide yearly wages by twelve).
- The most recent information appearing on the WESD "Wage Screen" - (for monthly income divide quarterly wages by three).
- State Income Tax Bureau - (most recent wages reported).

**Verification of Earned Income/Special Verification**

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No household will be denied food stamp benefits solely because someone outside the household failed to cooperate with a request for verification. The term "outside the household" will not apply to ineligible students, ineligible aliens, or to individuals disqualified or ineligible for one of the following reasons: a) intentional program violation; b) failure to provide a social security number; c) noncompliance with the work registration requirements; d) noncompliance with the workfare requirements e) noncompliance with the Requirement to Work; f) fleeing felons; or g) conviction of a drug related felony.

**5515      Special Verification****01-01-00**

1. Annual Bonuses - The anticipated date of receipt and the amount of the annual bonus, if known must be verified.
2. Contractual Income - The terms of the contractual agreement, the months covered by the contract and whether the contract specifies a yearly or monthly amount must be verified.
3. Diverted Payments - Whether or not the payment was made from funds owed to the household must be verified.
4. Sick Pay/Maternity Benefits - Whether or not the individual receiving the pay is still considered an employee must be verified. The source of the payment must be verified.
5. Tax Credits - The frequency of the payment and the amount of the payment must be verified.
6. VISTA Payments - When the volunteer joined VISTA and if they were receiving TEA (AFDC) or food stamp benefits at the time they joined must be verified.

This income may be verified by a statement or collateral contact with the employer or the source of the income. When an employer is unable or unwilling to cooperate in providing needed verification, the household may not be denied solely due to lack of verification. Alternative forms of verification such as tax returns or collateral statements may be used. In the absence of any type of verification, the household may furnish a written statement of the income amount.

**5690      Verification/Documentation****01-01-00**

Generally, self-employment income may be verified by viewing the household's federal income tax return for the previous year. The household's income tax return may be used as verification if the return reflects a full year's income or the income can be divided over the months the business has been in existence. The "Schedule C" attached to the return should contain a complete statement of the household's self-employment income and expenses. (Not all expenses listed will be excludable under food stamp policy.) If a tax return is not available, ledgers, bank books or other accounting records maintained by the household or prepared by a bookkeeper or accountant may be used. Receipts for the sale of goods and services and receipts for allowable costs of producing the income may also be accepted.

If the household states there are no records, the DCO-226 or DCO-227 will be completed based upon the household's declared income and expenses. This method may only be used temporarily. The household must be instructed to furnish records of income and receipts to verify costs at the next scheduled recertification. Required documentation includes:

1. Type of self-employment enterprise;
2. How the household receives this income - e.g., monthly, annually;
3. The length of time the enterprise has been in existence;
4. The figures used to arrive at the net self-employment income (DCO-226 or DCO-227) and the figures used to determine the monthly income;
5. The figures used to calculate any farm loss; and
6. The verification obtained.

**5691      Certification Periods and Recalculating Annual Income****06-01-01**

Households with self-employment income are subject to quarterly reporting and are normally assigned a 12-month certification period.

The household's annual income must be recalculated at about the same time each year. Normally, this will be soon after the first of the year when all the information needed to determine the household's self-employment income for the year is available. To simplify the process of determining self-employment income, this task will be handled the first quarterly report submitted after all the needed information is available unless the household's annual recertification occurs sooner. In that case, the household's annual self-employment income will be recalculated at the time of the recertification.

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**5700      Unearned Income**

**01-01-03**

Unearned income is income received by a household that has not been earned through employment or self-employment. Households in receipt of only unearned income will not receive the earned income deduction.

Common sources of unearned income are listed below in alphabetical order:

**15**

Allotments	Rental Income
Child Support/Alimony Payments	Severance Pay Received in Installments
Contributions	Sick Pay
Diverted Payments	Social Security Benefits (SSA)
Foster Care Payments	Strike Benefits
Installment Contracts	Supplemental Security Income (SSI)
Interest, Dividends, Royalties	Unemployment Insurance Benefits (UI)
Pensions	Utility Assistance from HUD or Housing Authority
Reimbursements for Normal	Veteran's Assistance (VA)
Living Expenses	Workman's Compensation

**5701      Transitional Employment Assistance (TEA)**

**01-01-00**

TEA (Transitional Employment Assistance) Program cash assistance payments are counted as unearned income. TEA cash assistance is paid on a monthly basis and is based on a standard of need for a particular household size.

Food stamp benefits will not be increased when a household member's TEA benefits are reduced, suspended or terminated due to non-compliance with the program requirements, or for non-cooperation with the Office of Child Support Enforcement or for an intentional program violation. See FSC 12110 for instructions.

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**5705      Contributions**

**01-01-00**

Contributions are recurring payments received by a household member from a friend, relative or organization. Loans, gifts, lump sum payments, and irregular or infrequent income will not be considered contributions.

Cash donations, based on need, that are received from one or more private, non-profit charitable organization are excluded as income to the extent that such donations do not exceed \$300 in a Federal fiscal year quarter. (See FSC 5405, number 10.) The Federal fiscal year quarters are listed below.

First Quarter - October, November, December

Second Quarter - January, February, March

Third Quarter - April, May, June

Fourth Quarter - July, August, September

Those donations that exceed \$300 in any Federal fiscal year quarter will be considered unearned income.

Example - A household received \$100 donations in July from a church. In August, the same church gave the household another \$100 donation. In September the ministerial alliance gave the household \$250. The donations received in July and August would be excluded as income. \$100 of the September donation would also be excluded. For September, the household would have \$150 in countable unearned income from charitable donations.

Contributions will be considered income in the month received when received on a monthly basis. When received less often than monthly, contributions will be averaged forward over the period of intended use.

**5706      Diverted Payments****01-01-00**

Monies legally obligated and payable to the household will be counted as income when diverted by the payor to a third party for a household expense.

Examples:

1. Public assistance grants (TEA cash assistance or SSI) diverted to a protective payee for the purpose of managing the household's expenses.
2. Monies diverted from court-ordered support or alimony payments to a third party for a household expense - e.g. the rent payment is made from the support payment by the court. (This applies only when there is not a court order or other legally binding agreement which requires direct payment to a third party.)
3. Monies diverted from funds owed to the household to pay a third party for a household expense - e.g. VA deposits the Veteran's check in a special account and the bank authorized payments for household expenses.

Some states have a General Assistance (GA) Program. (Arkansas does not have a GA Program.) In those states, some GA vendor payments are provided for living expenses. Only those GA vendor payments provided to cover housing expenses, exclusive of energy or assistance expenses, will be included as income. GA vendor payments provided for the purpose of energy assistance will be excluded as income. (Also see FSC 5405, item 4.)

**16****5707      Deleted****01-01-03****5708      Foster Care Payments/Guardianship Payments****01-01-00**

This policy applies only to those households into which foster care placements have been made by a Federal, State or local governmental foster care program - e.g., Division of Children and Family Services or Mental Health Services (Children "taken in" by neighbors, friends or relatives without any type of formal placement are not considered foster children for the purpose of applying this policy. They will be included as household members if otherwise eligible.) Households which provide foster care will have two options.

- Option 1      The household may elect to consider the person in foster care as a boarder. If the person in care is considered to be a boarder, the foster care payment will be excluded as income to the household.
- Option 2      The household may elect to include the person in foster care as a household member. If the person in care is included as a household member, the foster care payment will be included as income to the household.

Guardianship payments are payments made to a person who becomes a child's legal guardian. There are two types of guardianship payments – Kinship Care and subsidized guardianships. Guardianship payments are treated the same as foster care payments with the same two options.

**Supplemental Security Income (SSI)/Unemployment Insurance (UI) Benefits**

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See FSC 4450, item 12, for the resource exclusion provisions.

See FSC 5405, item 18, for the income exclusion provisions.

Food stamp benefits will not be increased when a household's SSI benefits are reduced, terminated or suspended due to an intentional failure to comply with SSI Program rules. See FSC 12110.

**5721      Unemployment Insurance (UI) Benefits****01-01-00**

Unemployment insurance is defined as compensation to an unemployed worker in the form of a sum of money paid at regular intervals by a union, employer, or government agency. UI benefits are counted as unearned income. For a full explanation of Unemployment Compensation benefits, see the Unearned Income Appendix.

**5723      Veteran's Administration Benefits (VA)****01-01-03**

VA benefits are monthly checks issued to certain individuals who served in a branch of the United States Armed Services. VA checks are also issued to a veteran's dependents under certain conditions. VA benefits are counted as unearned income.

For VA disability pensions, a monthly check and an annual "adjustment" check is sent. At the end of the year (October for most disabilities), the VA sends out a letter asking the household to verify the past year's income and out-of-pocket medical and educational expenses for the veteran and his/her spouse. The VA will either establish a claim for any overissuance or make a retroactive income payments. Monthly amounts in the coming year may also be adjusted. If the household receives an income adjustment lump-sum payment, the payment will be excluded as income. Since this is considered a retroactive income adjustment and not a reimbursement for medical expenses, out-of-pocket expenses may be deducted by the household if the member who incurred the expense is aged or disabled.

Some veterans receive an aid and attendance payment. These payments, which are intended to be used by the veteran to pay the cost of a nurse or attendant, are counted as income in the food stamp budget. If the veteran does use the funds to pay for nursing care or an attendant, these costs will be deducted as a medical expense. See FSC 6500.



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**5724      Worker's Compensation Benefits**

**01-01-00**

Worker's compensation payments are insurance payments made as a result of injury or death on a work site. Such payments may be received by the injured individual on a bi-weekly basis or as a lump sum payment. When a death occurs, a lump sum payment will be made to the individual's survivors. (Lump sum payments are considered a resource - See FSC 4950.) Worker's compensation payments received on a bi-weekly basis are counted as unearned income.

Not all work sites are covered by Worker's Compensation. However, whenever a household claims a job-related injury, or death, the possible receipt of Worker's Compensation Benefits must be explored with the household. See the Unearned Income Appendix for additional information.

**5725      Verification**

**01-01-00**

Unearned income must be verified at initial application. At recertification, income must be verified if the source of the income has changed or the amount has changed by more than \$25.00. Unearned income reported to be unchanged or changed by less than \$25.00 must be verified only when information regarding this income is considered incomplete, inaccurate, inconsistent or outdated.

Acceptable verification of unearned income is listed below in order of preference.

1. Award letters or notices when the current income is indicated on the letter or notice.
2. Correspondence from the source of the income when the correspondence indicates the current income amount.
3. A properly completed DCO-70, *Check Verification Form*.
4. Viewing the check. (When making copies of checks, ensure that the signature on the check is properly masked.)
5. Collateral contact with the source of the income.
6. Collateral contact with someone other than the source of the income who can verify the amount.

**Specific Verification for Some Unearned Income/Documentation**

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**5726      Specific Verification for Some Unearned Income****01-01-00**

## 1. TEA Cash Assistance

Use the WADC screen, case record, or the current payroll. All are available in the county office.

2. Foster Care Payments

Verification may be obtained through letters or notices from the agency providing the payment. If no letters or notices are available, verification may be obtained through direct contact with the Agency.

3. SSA/SSI

SSA and/or SSI income may be verified through SSA Query Screen (WQRY). The household may also present correspondence from Social Security.

4. Unemployment Compensation (UI)

UI benefits will normally be verified via the WESD screen. If the information does not appear on the screen or the information on the screen appears to be inaccurate, the household will be asked to furnish verification. The local ESD office will not be contacted.

5. Charitable Donations

The amount of the charitable donation received in each month of the current Federal fiscal quarter must be verified. See FSC 5705 for a list of the Federal fiscal quarters.

**5727      Documentation****01-01-00**

Document:

1. The name of the person who receives the unearned income;
2. The source of the unearned income; and
3. The verification obtained.

**5800      Determining Income/Reference List**

**01-01-03**

A reference list is provided to assist the caseworker in locating the section of policy which describes the process for determining countable income.

<u>Process</u>	<u>Reference</u>
Income.....	<u>FSC 7100</u>
<u>Special Processes</u>	
Institutions.....	<u>FSC 1800</u>
Battered Women.....	<u>FSC 1840</u>
Boarders.....	<u>FSC 5620</u>
Disqualified Individuals	
Fleeing Felons.....	<u>FSC 1623.2</u>
IPV.....	<u>FSC 1623.2</u>
Requirement to Work.....	<u>FSC 1623.2</u>
SSN Requirement.....	<u>FSC 1623.1</u>
Workfare Sanction.....	<u>FSC 1623.3</u>
Work Registration Violation..	<u>FSC 1623.2</u>
Income From Odd Jobs.....	<u>FSC 5512.1</u>
Ineligible Alien.....	<u>FSC 1621.6</u>
Installment Contracts.....	<u>FSC 5710</u>
Rental Income.....	<u>FSC 5715</u>
Self-Employment.....	<u>FSC 5600</u>
Sponsored Aliens.....	<u>FSC 1621.7</u>
Strikers.....	<u>FSC 1730</u>
Students	
Ineligible.....	<u>FSC 1622.9</u>
Foster Children.....	<u>FSC 5708</u>